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Sundarbans must be left alone to recover

Alarming rise of resort business surrounding it should be checked

The heavy battering that the Sundarbans took while trying to fend off fierce winds and tidal surges that came along with Cyclone Remal is beginning to be clearer. The forest department estimates infrastructural damage worth over Tk 6 crore within the forest. But that may be the tip of the iceberg as the actual damage—caused to its biodiversity—is impossible to quantify. The forest floor lies covered with uprooted trees and foliage, with animal carcasses being discovered every day. Experts say it might need 30-40 years to restore its natural balance. What, then, the Sundarbans requires is to be left alone to recuperate, not further assaults from the very people it protects.

Yet, that may be precisely what's in store for the forest, with an alarming rise of resort business surrounding it in recent years. As per a report by *Prothom Alo*, resorts are being built close to the Sundarbans, some extending into its rivers, despite environmental laws prohibiting construction or activities detrimental to the forest within 10 kilometres of it. So far, some 14 resorts have been built in Khulna and Satkhira by cutting down trees and filling up canals and low-lying areas, with eight more under construction. These resorts operate generators and air conditioning systems, causing noise, water, light, and soil pollution, as well as disturbing and even driving away the wildlife.

Since 2021, the number of resorts has increased fourfold to accommodate an ever-growing number of tourists. If the trend holds, experts fear it may not be long before the Sundarbans meets the fate of the heavily degraded Bhawal Forest in Gazipur. It's an irony that while the Sundarbans stands as our first line of defence against natural disasters in coastal regions, we are failing to defend it from our own actions. True, the rise in so-called community-based ecotourism has brought some benefits to local populations. But the lack of environmental scrutiny has meant that it has been totally unsustainable. The risk comes not just from resorts and cottages alone. Over the years, we've seen how various development projects, both private and public, have been undertaken despite protests from environmentalists.

This is not a healing environment for a forest that just took a heavy hit and will again be expected to do in case of future cyclones. We urge the relevant authorities to ensure strict enforcement of the environmental laws to preserve the Sundarbans. New developments must be halted, and existing resorts should be subjected to rigorous environmental scrutiny, preferably under a new legal framework for ecotourism business as recommended by those involved. We must prevent further degradation of this vital lifeline for Bangladesh at all costs.

Health budget must increase in real terms

Poor budget and budget execution causing suffering for people

In a country where a large segment of the population lives below the poverty line, public healthcare should have been a top priority for the government. Instead, an analysis by this daily shows that the healthcare budget has been decreasing as a percentage of the total budget since 2010. This has resulted in people spending more on healthcare out of their own pockets. So much so that Bangladesh has the second highest out-of-pocket (OOP) expenditure on health in the world, which is really concerning. Moreover, people are not even getting desired services despite spending considerable sums of money. Rather, those who can afford it often go for treatment abroad, draining our precious forex reserves.

The sorry state of the healthcare budget is not just limited to falling numbers. Corruption and irregularities in the sector, along with poor planning and execution of the budget, also add to the burden of costs on people. According to our report, a large portion of the healthcare allocation is actually spent on the salaries and perks of government officials as well as other regular expenditures, which does little to help the public. The saddest part is, while they are paying through their noses, a portion of the allocated money remains underutilised on a regular basis. This led to a reduction in the development budget for health by 25.53 percent—from Tk 16,204 crore to Tk 12,066 crore—in FY2023-24.

Considering the poor state of budget, budget implementation, and health services, it is imperative that the government finds innovative ways of financing and overhauling the health system with consultations from experts. The focus needs to shift from curative to preventive care, thus reducing our dependence on medicine, which makes up the main portion of our OPP health expenditure. Similarly, irregularities such as the mushrooming of unlicensed medical facilities must be stopped. We also must root out corruption in medical recruitment and procurement in public sector, which would help save money from the relatively meagre allocation this sector receives. All this will require astute leadership which the health ministry must be able to deliver.

THIS DAY IN HISTORY

Start of the Six-Day War

On this day in 1967, amid rising tensions with Egypt, Syria, and Jordan, Israel launched a pre-emptive air assault and soundly defeated those Arab countries in a war that lasted six days, notably seizing the Old City of Jerusalem and the Gaza Strip before a ceasefire.

Changing trade policy directions is imperative now

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The bell tolls for Bangladesh. November 24, 2026 is a historic milestone and could be a day of reckoning for the nation. Almost 50 years after it was classified by the UN Committee for Development Policy (CDP) as a Least Developed Country (LDC), with the associated international support measures (ISMs) prescribed in its favour, Bangladesh will be graduating into a "developing" country under UN classification. ISMs will soon be phased out with consequent preference erosion in hitherto zero-tariff accessible markets. Tariff exemptions will soon be replaced with high tariffs that are typically imposed by most developed economies on textile products. That would mean stiffer competition for our RMG and some other exports.

No doubt, there are challenging times ahead. But resilience is instilled in our economic firmament. So economic challenges will have to be met with appropriate policy instruments that are available. The forthcoming FY2024-25 national budget must show that we mean business. Wherever we look, whether it is the tax system, banking governance or trade policy stance, the economy is crying for reforms—deep and structural, rather than cosmetic.

First, macroeconomic stability needs to be restored for the economy to return to its long-run path of stable growth. While policies for restoring internal balance is critical, i.e. moderating inflation through monetary and fiscal management, restoring sustainable external balance via exchange rate management and stabilisation of foreign exchange reserves with strong export and robust remittance inflows is just as crucial, without which macroeconomic stability could be short-lived and ephemeral.

Just as augmented revenue mobilisation in the current state of public finances warrants structural reforms of the tax regime, so too does the resurgence of the export sector, which needs to see another round of trade-oriented reforms to put our export performance back on track.

We could take a leaf out of our own book. There was a severe balance-of-payment crisis in 1990 that made fundamental trade policy reforms a *fait accompli*. But it was the trigger that unleashed the forces of rapid economic growth. It was the radical change of direction in trade policy (complemented by market orientation and deregulation) during much of the 1990s that changed the course of Bangladesh's economic history. It is now possible to make the assessment that after the first two decades of prevarication in trade policy, Bangladesh was able to change direction and get it right—at least partially so. Evidence shows that the country massively reaped the benefits

VISUAL: BIPLOB CHAKROBORTY

of those changes in the subsequent decades, prompting a leading development economist to describe Bangladesh as a "development paragon." In my view, switching gears in trade policy in the 1990s from an inward-looking, import-substituting approach to an outward-looking, export-oriented one was the game changer.

Compared to the previous 20 years, the trade policy changes undertaken in the 1990s could be termed radical indeed, and included (a) sharp reduction and rationalisation of tariffs; (b) significant import liberalisation through removal of bans, quantitative restrictions (QRs), and import licensing (end of licence raj); (c) move from fixed to flexible exchange rates; and (d) limited convertibility of the current account. Overall, trade liberalisation during the 1990s was deep and transformative. In 2001, a seminal World Bank study on the impact of trade liberalisation on growth and poverty, titled *Trade, Growth and Poverty*, listed Bangladesh among the "globalisers" of the developing world, confirming through empirical evidence that these globalisers were experiencing rapid growth in incomes and declines in poverty.

One of the major disappointments on the economic policy front has been the lack of sustained progress in structural reforms in macroeconomic and trade policy areas. As a consequence, the external shocks of 2022 that rocked the economy have disrupted two decades of macroeconomic stability that was assiduously maintained to give the needed boost to economic growth and poverty reduction. The GDP growth averaged five to seven percent during this period, while the poverty rate fell from 57 percent in 1990 to 18.7 percent in 2022, prompting the World Bank to call Bangladesh "an inspiring story of reducing poverty"—2.5 crore lifted out of poverty in 25 years.

With the FY2024-25 budget imminent, it is critical that policymakers reflect on the key challenges the economy faces on several fronts. As in the 1990s, the current situation warrants a radical approach to addressing some of the most critical issues of the day for restoring internal and external macroeconomic balance. While there has been a profusion of "what to do" messages from all and sundry, there is still a conspicuous void in the matter of trade policy direction to restore external balance, i.e. stabilise the balance of payments and build forex reserves. Here, while moving to a regime of exchange rate flexibility makes a good starting point, building forex reserves of the kind we have been used to will be the challenge of the decade.

Our trade policy regime suffers from at least two fundamental constraints. First, there is trade policy dualism, which essentially frames one policy for RMG exports with notable success, and another policy for the rest with little success to speak of. Second, there is persistence of anti-export bias of high tariff protection that simply makes sales in the domestic market far more profitable than exporting activity. Under this dualistic regime, we may continue to count on robust RMG export performance with little traction on the export of non-RMG products, no matter how much we improve logistics and trade facilitation processes. PRI research has revealed that numerous non-RMG exports have a high to moderate degree of competitiveness when matched with competing exporters globally, proving conclusively that competitiveness is not the stumbling block. It is logical to expect that if we have strong competitiveness in a labour-intensive product like RMG, there must be numerous other labour-intensive products like footwear, jute, cotton, specialised textiles, plastics, electronics, and light engineering that beckon for policy attention. The problem, now widely recognised, is the anti-export bias of the protection regime.

Mind you, the World Trade Organization (WTO), in its last review, noted that tariffs and para-tariff are the main instruments of Bangladesh's trade policy. That is where change must come, and now is the time—in budget or off. Persisting with a strategy of high output tariffs with input tariffs trending downwards is the prescription for taking the wind out of the sails of future export performance. Both must be rationalised together.

To build forex reserves, if the economy must resume strong export (and remittance) performance with a diversified basket of export products, it is imperative—and NOW—that we engage in another round of radical trade policy reforms and tariff rationalisation scheme, to stand shoulder to shoulder with other high-performing export economies like Vietnam, China, and Malaysia.

Our past export performance says we can. We already have a National Tariff Policy 2023 that incorporates many of the critical measures and policy directions that our trade policy needs in order to fuel both exports and their diversification. Adopting some of the measures and policies from the NTP 2023 could bring change to the trade policy firmament, moving it in the right direction. These will also facilitate our FTA negotiations, which are essentially stuck in the quagmire of our tariff structure. Will the FY2024-25 budget lay the groundwork for change?

Bangladesh's export potential has not been exhausted yet. A bright future of export success awaits us if we change trade policy direction now. A crisis always brings opportunity. This nation of over 17 crore should not be made to regret missing it this time.

Social registry won't solve selection issues

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Bangladesh launched a life-cycle based social protection system following the adoption of the National Social Security Strategy (NSSS) in 2015 offering support to citizens in addressing the risks encountered at different stages of life, including pregnancy, early childhood, school age, working age and old age. The government has expanded coverage of social protection significantly in recent years. However, a key challenge remains in selecting the eligible persons to receive the benefits. According to 2016 Household Income and Expenditure Survey data, 46 percent of the participants were included by errors (inclusion error), while 71 percent of eligible persons were excluded from the benefits (exclusion errors).

To address selection errors, the government initiated the development of a National Household Database (NHD), which collected data of 35 million households in 2017 and 2018. However due to disruptions caused by Covid-19, the project was delayed, and the data collected became obsolete. Internationally such a database is called a "social registry" that stores poverty data and generates ranked lists of poor households for selecting the deserving participants by social protection programmes. However, it has several drawbacks that undermine its effectiveness.

Social registries often collect data through household surveys using the Proxy Means Test (PMT) method, that assigns scores to easily observable indicators considered proxies for household poverty. For instance, the NHD survey included indicators such as the number of rooms, type of roof, toilet facilities, water sources, ownership of television, ownership of land, receipt of remittance and family size. However, the correlation between these indicators and actual poverty is weak. This generated inaccurate list of eligible households particularly with high exclusion errors. A leading international think tank organisation, Development Pathways, evaluated PMT based selection outcomes of 19 programmes, revealing exclusion error rates ranging from 29 to 96 percent. Flagship cash transfer programmes of Indonesia, the Philippines, Pakistan, and Kenya excluded 82 percent, 48 percent, 73 percent, and 69 percent of eligible households, respectively. These excluded households have to wait for the next survey for reconsideration for inclusion and they will be excluded from all programmes that use the social registry. If there is no social registry, a household excluded from one programme has a chance to access another programme.

The PMT-based survey may incentivise households to engage in dishonest practices. For example, they might hide durable assets, such as a television at a relative's house, or not disclose information about receiving remittances. Thus, they can secure a favourable score to qualify for social protection, effectively being rewarded for their dishonesty. Conversely, households that honestly disclose information could be penalised by being excluded from the benefits.

Besides there is no static group as "the poor" because natural disasters, economic shocks and sickness can change poverty dynamics overnight. Family size, a key indicator in PMT method, also changes due to marriage, birth of new babies, death, divorce, split in families and so on. In Rwanda, 87 percent of households experienced changes in size just in three years from 2010/11 to 2013/14. As a result, the data in social registries become obsolete quickly, as happened for Bangladesh's NHD initiative and the social protection programmes continue to use the outdated data for years, until it is updated.

High costs discourage governments to update social registries frequently. For example, the Philippines conducted a second survey six years after the first survey in 2009. In Indonesia, no updating has been done since 2015. In Pakistan, there was a 10-years gap between two surveys. Despite the massive changes of poverty status across the world caused by Covid-19, no substantial trend of updating the social registries has been visible.

Also, there is a basic difference between Bangladesh's life cycle approach and the poverty targeted approach of social protection in terms of payment modality. Bangladesh makes social protection payments to individuals, e.g., pregnant women, disabled persons and elderly persons, recognising their rights, and valuing them as citizens. The poverty targeted programmes in countries like Indonesia, Philippines and Pakistan, make combined payments to household-representatives without considering the right to social protection and a fair distribution of benefits among household members, including disabled and elderly members. Social registries, based on household poverty data, are designed for the latter approach. Thus, it is not compatible to Bangladesh's life cycle based system.

Finally, the purpose of a social registry should not be confused with that of a Management Information System (MIS). A social registry provides data for selecting programme participants, while an MIS tracks how many people are accessing which programmmes, how many are children, women, members of marginalised groups, disabled persons, elderly persons, the amounts of benefits, the transfer schedule etc. Regardless of having a social registry, an MIS database is required to track social protection system's performance and gaps.

Despite high optimism in Bangladesh, a social registry will not solve the selection challenge in social protection. Bangladesh needs to consider a universal approach to social protection to address this challenge.

This opinion piece heavily draws on a report titled 'Social Registries: a short history of abject failure.'

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